

CPP ANNUAL USE OF CAPITAL SURVEY - 2011



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

First Community Bancshares, Inc., Overland Park, KS 66212 (UST# 1075)

Point of Contact:	Keith E. Bouchey	RSSD: (For Bank Holding Companies)	1983977
UST Sequence Number:	1075	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	14,800,000	FDIC Certificate Number: (For Depository Institutions)	14023
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	May15,2009	City:	Overland Park
Date Repaid ¹ :	N/A	State:	Kansas

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

☒ **Increase lending or reduce lending less than otherwise would have occurred.**

Net loan volume remained relatively stable with only a 2% decrease during 2011. Regulatory oversight remains high though loan opportunity appears to be on the rise for 2012.

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☐ To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).

☐ Increase securities purchased (ABS, MBS, etc.).

☐ Make other investments.

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X Increase reserves for non-performing assets.

Total loan loss reserves decreased \$841,000 or approximately 8% during 2011.

X Reduce borrowings.

Borrowings from FHLB decreased \$13.0 million to zero during 2011.

X Increase charge-offs.

Losses, net of recoveries equalled \$4.1 million during 2011 compared to \$2.4 million and \$5.4 million in 2010 and 2009, respectively.

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☐ Purchase another financial institution or purchase assets from another financial institution.

☒ Held as non-leveraged increase to total capital.

All CPP funds have now been deployed to support the total capital position of the FDIC insured depository institution.

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What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

FCB has successfully maintained a "Well Capitalized" Capital Ratio Classification and avoided any adverse formal regulatory actions. FCB has avoided significant reduction in lending activities to any of our qualified existing or potential new customers.

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What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

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Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.

No change in actions or activity during 2012. As intended by the US Treasury's Capital Purchase Program, this capital assistance program has provided: (1) a capital cushion for FCB to remain "Well Capitalized" as regulatory agencies have significantly increased minimum standards; (2) an ability for FCB Bank to significantly increase its reserve for loan losses; (3) an ability for FCB Bank to absorb significant increases in loan losses; and (4) an ability for FCB Bank to remain a community bank lender serving its customers credit needs. Even as credit risks and losses have risen to historic highs for real estate oriented banks like FCB Bank, the organization is maintaining a steady loan production to support its communities and customers. Further, all CPP funds received from the US Treasury have been used to support the financial strength of the federally insured subsidiary bank as required by the Federal Reserve Bank of Kansas City's, FDIC's and Missouri Division of Finance's guidance.